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ABSTRACT

The proportion of individuals with little training varies greatly among European countries. Throughout Europe, nonparticipation in the labor market and unemployment seem relatively synonymous. Three degrees of labor market openness with regard to individuals with low levels of training are apparent throughout Europe: (1) in Portugal, skill acquisition occurs through channels other than a formalized training and certification system and the labor market remains relatively open to low-skilled people; (2) in Sweden, France, and the Netherlands, the labor market is becoming increasingly closed to low-skilled individuals; and (3) in the United Kingdom, labor force nonparticipation and unemployment tend to be higher among low-skilled individuals but their ability to enter the labor market has remained relatively stable. Young people (ages 25-29) with little training are especially vulnerable to nonparticipation in the labor market. The argument that women without training tend to remain at home and invest themselves in extraprofessional activities has not been totally verified. When everyone exiting a country's educational system obtains a certificate that allows labor market access, the lack of a certificate ends up being even more stigmatizing for those unable to attain even this minimum standard. One path worth exploring throughout Europe is that of accompanying low-skilled individuals who experience difficulty during the process of labor market entry to allow them to acquire a certain experience and strengthen their training during the process. (MN)

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Training & Employment

A FRENCH NEWSLETTER FROM CEREQ AND ITS ASSOCIATED CENTRES

LOW TRAINING LEVELS ON EUROPEAN LABOUR MARKETS: CONVERGENCE AND CONTRASTS

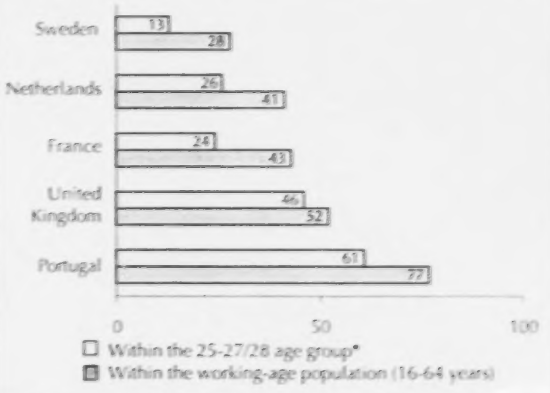
It is often argued that labour markets are increasingly closed to those with little training, as a result of technological changes on the one hand and greater selectivity in hiring on the other. Most European countries are now attempting to prolong and improve the educational process in order to reduce the number of school-leavers with low training levels. Those who are still exiting at the lowest level encounter an older population that has gone through a different educational system. What are the chances of this new generation to enter the labour market? How does the growing demand for skills manifest itself with regard to this category of labour?

The proportion of individuals with little training varies greatly amongst the different countries of Europe. Thus, the situation in Portugal, where more than three-quarters of the working-age population has a low training level, may be contrasted to that in Sweden, where this proportion is less than 30 percent (see Box 1 for definitions). These differences are also found amongst younger populations (see Chart 1). With the proportion of little-trained individuals generally on the decline, such differences bring out the relative similarities in the situation of each country, with the exception of the UK, where there is still a relatively large proportion of individuals with little training amongst the younger generations (Murray and Steedman 1998). The situations in each country thus provide a sharply contrasting spectrum for the analysis of labour-market entry amongst those with little training. This raises the question, in particular, as to whether a relative scarcity of little-trained labour, such as it may be observed in Sweden, constitutes an advantage in terms of the opening of the labour market relative to the widespread availability of this workforce in Portugal. In order to verify this hypothesis, we have compared the situation of individuals with a low training level relative to the population of each country as a whole in terms of the tendency to remain outside the labour force or, when they are on the labour market, to be unemployed (see Box 2).

MECHANISMS OF LABOUR-MARKET CLOSURE

Graphs 1 and 2 represent the tendency of populations with low training levels to remain outside the labour force or unemployed. As such, they indicate a convergence amongst the mechanisms of labour-market closure.

Chart 1
Percentage of the Population with ISCED Level 0-2



* Age brackets vary according to statistics available from the different countries. Portuguese data for 1997, other countries for 1996.

Source: London School of Economics, Centre for Economic Performance.

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Box 1
Low Training Level: How to Define It?

The group of little-trained persons is taken to include all those with a training level between 0 and 2 according to the ISCED (International Schedule of Education) classifications. The use of this system poses several problems, however. Older persons for whom, in France, for example, education was compulsory to the age of 14, will automatically be placed in this group unless they have acquired a diploma through continuing training. The experience accumulated in the course of working life is not taken into account. Furthermore, the cut-off points of Level 2 are affected by educational reforms undertaken in several countries. This approach nonetheless ensures the best comparability. For the UK, for example, the "low training level" group is taken to include all those exiting school at age 16 or below, with or without the general secondary education certificate. For France, ISCED Level 0-2 covers roughly levels VI and V-bis of the national classification system.

The opening of the labour market is all the more limited when the proportion of individuals with a low training level is limited within the working-age population. A systematic correspondence between these two dimensions emerges: Portugal shows practically no discrimination against them, but this is increasingly the case in the UK, France, the Netherlands and Sweden.

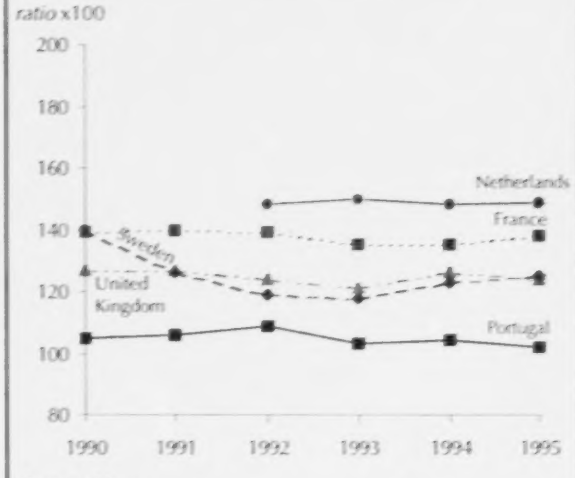
The effects of the tendencies towards non-participation in the labour market and unemployment are cumulative rather than compensatory. The tendency towards unemployment is more or less significant in reinforcing the tendency towards non-participation in the labour market. Whilst it is not discriminatory in Portugal, it becomes so in the UK and Sweden and takes on even greater proportions in the Netherlands and France. In Sweden, the main filtre effects are reflected in the tendency towards non-participation in the labour market. In the Netherlands and France, this first filtre is less powerful, but the possibilities of access to employment are more limited. Non-participation in the labour market and unemployment seem relatively synonymous, with the difficulty of finding a job serving as a dissuasive factor in the search for employment and leading to de facto absence.

Three degrees of labour-market openness with regard to individuals with low training levels can thus be distinguished:

- that of Portugal, where this population predominates and the acquisition of skills occurs through channels other than a formalised system of training and certification;
- the one that is best exemplified by Sweden but also includes France and the Netherlands. In these countries, the tendencies towards non-participation in the labour market and/or unemployment are significantly greater for those with low training levels than for the average population. The closing of the labour markets is manifested through a combination of non-participation and unemployment in varying proportions;
- that of the UK, which constitutes the intermediate case. Individuals with little training show a tendency towards non-participation in the labour force and unemployment that is higher than the others but this situation remains relatively stable for the period observed.

Graph 1
Tendency towards non-participation in the labour market for ISCED 0-2 populations by country

Graph 2
Tendency towards unemployment for ISCED 0-2 populations by country



Source: Céreq

SHARPER TRENDS FOR YOUNG PEOPLE

Individuals in the 25-29 age group with little training are even more vulnerable to the phenomena described above. The particular situation of Portugal is accentuated in this respect: the tendency towards non-participation in the labour market and unemployment amongst young people between 25 and 29 years of age is lower than the overall youth population and, for unemployment in particular, it shows a drop for the period in question. Conversely, the tendency towards non-participation in the labour market is higher in Sweden, whilst France and the Netherlands show a significant and growing tendency towards unemployment amongst this youth population. The UK is once again in an intermediate position.

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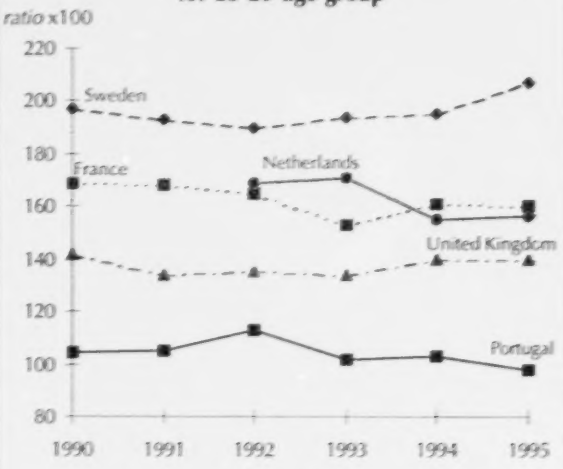
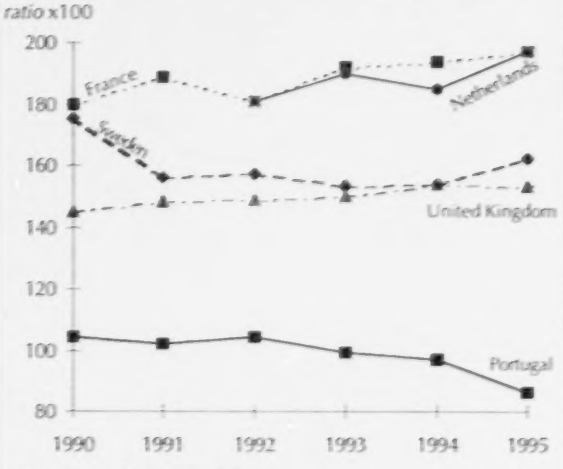
Graph 3
Tendency towards non-participation in the labour market for ISCED 0-2 populations by country for 25-29 age group



Graph 4
Tendency towards unemployment for ISCED 0-2 populations by country for 25-29 age group*



* In the case of Sweden, 25-34 age group. Source: *Céreq*

These trends confirm the preceding analysis and clearly oppose the Portuguese system, where young people with little training are considered as a population pool that is likely to acquire a qualification in the future, and the others for whom academic failure leads to growing difficulties on the labour market. This breakdown is documented by studies on jobs recently held by individuals without diplomas, whether or not they exit from the school system. Such jobs are characterised by their precariousness (Martinelli et al. 1999), the constraint of part-time work and the low level of remuneration (MacIntosh 1998). The "signal" attached to a low training level takes on opposite values depending on the context of the production system: it is neutral in Portugal but assumes an increasingly discriminatory function in proportion to the number of diploma-holders in each of the other countries.

Box 2
Method

The method used for this analysis is based on a comparison between theoretical and real numbers of individuals. The real number covers those with a low training level who are out of the labour market or unemployed. The theoretical number is the one that would apply to the same individuals if they were taken to follow the same distribution between those out of the labour market and the unemployed as those, respectively, in the entire working-age population and the entire labour force. The ratio between the real and theoretical numbers constitutes an indicator of the propensity (more than 1), indifference (equal to 1) or aversion (less than one) of the given population relative to non-participation in the labour market and unemployment (Desgoutte and Kirsch 1996).
For example (see Graph 3), little-trained young people in Sweden have a much greater risk of non-participation than the average of Swedish youth. In Portugal, this risk is the same as that of the average of young people. The results presented here are taken from studies conducted in the context of a European project (4th Research and Development Framework Programme) carried out by Hilary Steedman of the London School of Economics.

By contrast, and once again with the exception of Portugal, older populations with little training enjoy a relative protection tied to the recognition of their past work experience, given the fact that they benefitted from a somewhat easier process of labour-market entry at the time when they presented themselves. In view of this situation, a distinction should be made, notably where public policy is concerned, between young entrants and adults with little training.

THE SITUATION OF WOMEN

Differences between male and female populations with low training levels also bring out two groups: one where the tendencies towards non-participation in the labour market and unemployment are relatively close (Portugal, as well as Sweden and France), and another where women with a low training level have somewhat greater possibilities of access to employment relative to men (the Netherlands and the UK). The particular situation of women in the Netherlands and the UK may be explained in terms of the extremely sharp rise in part-time activities in these two countries (Bouder 1997).

Thus, the argument that women without training tend to remain at home and invest themselves in extra-professional activities is not totally verified. In addition, the gender distinction, which emerges in relatively similar countries such as the Netherlands and France, raises the question of the homogeneousness of the population with low training levels.

FACTORS OF DIVERSITY

Individuals with low training levels find themselves in very different situations according to the educational and production systems in their respective countries.

• Educational systems: the low training level of the population in Portugal and, to a lesser degree, in the UK, may be explained by the fact that vocational training is traditionally carried out on the job and does not lead to nationally recognised certification (this situation is changing in the UK). By contrast, a low level of training in Sweden signals–and stigmatises–a situation of

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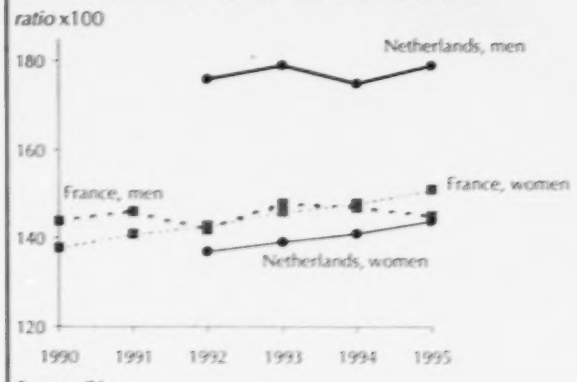
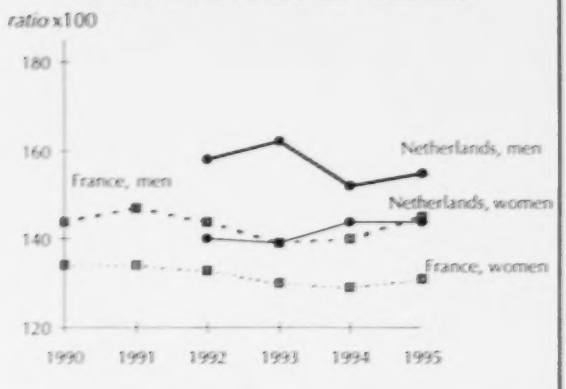
Graph 5
Tendency towards non-participation in labour market for ISCED 0-2 populations by gender: the case of France and the Netherlands



Source: Céreq

Graph 6
Tendency towards unemployment for ISCED 0-2 populations by gender: the case of France and the Netherlands



academic failure or rejection, which is taken to be proof of a larger social maladjustment, especially for the young.

• Production systems: for the majority of countries, the need for little-trained labour is declining more quickly than the supply. Two explanations are offered for this phenomenon. One invokes the spread of new technologies and new forms of work organisation. It is clear that Portugal can be considered less advanced than the other countries studied in this respect, but it would seem that the recourse to a labour force with little training is disproportionate in terms of the country's relative economic backwardness. Similarly, Sweden, the Netherlands, the UK and France do not manifest sufficient technological and organisational differences to justify the differences observed.

The other explanation focusses on the impact of training supply on the demand of the production system. European comparisons (Mallet et al. 1997) show that rising occupational skills levels generally result from the increase in graduates available on the labour market rather than from specific technological or organisational changes. In this context, we can see the two-sided effect that may result from the desire to provide everyone exiting the educational system with a certificate allowing access to the labour market: used as a means of combatting academic failure, it winds up being even more of a stigma for those who are unable to attain this minimum and can be particularly harmful to young people. The countries where the vocational education and training system is still being developed might well benefit from this observation in order to avoid the sharp break occasioned by premature exits from initial training. For the others, it might be asked to what extent exits at the lowest training level can be totally eliminated through ordinary school-based solutions. One path worth exploring is the accompaniment of those in difficulty during the process of labour-market entry in order to allow them to acquire a certain experience and strengthen their training during this process.

Jean-Louis Kirsch

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